ANNUAL REPORT
2003

ISLAND WASTE MANAGEMENT CORPORATION

IWMC

ISLAND WASTE MANAGEMENT CORPORATION

IWMC
Island Waste Management Corporation

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IWMC
Island Waste Management Corporation

EXECUTIVE SUMMARY

I respectfully submit Island Waste Management (IWMC)'s Annual Report for the fiscal year ended March 31, 2003. IWMC is a PEI Crown Corporation established under the provision of the Environmental Protection Act in May, 1999. The Corporation's mandate is to develop, implement and operate a waste management system to serve Prince Edward Island.

2002-2003 was full of accomplishments for IWMC. On July 1, 2002, the Central Compost Facility in Brookfield officially opened. The opening coincided with the introduction of three stream separation in the Capital Region. During the remainder of the summer and into the fall, the rest of the Island was brought onto the system. In November, 2002, with the addition of the final region, Central, the entire Island was on the Waste Watch Program.

Coinciding with the implementation of the Waste Watch Program was the closure of the Queens County Regional Landfill (Sleepy Hollow), as well as all community disposal sites across the Island! To complete the Waste Management System, 6 Waste Watch Drop Off Centers (WWDC's) were constructed across the province, and opened as each area was added to the Waste Watch program.

The Management and Staff of IWMC are committed to the Corporation's role of managing the Island's solid waste in an environmental and cost effective manner and intend to build off of the strong foundation forged during this past year.

Respectfully,

Jack Campbell
Chairman
Island Waste Management Corporation

Board of Directors
as of March 31, 2003

Jack Campbell, Chairman

Arnold Driscoll, Vice-Chairman

Mike O'Brien, Secretary/Treasurer

Steve MacLean, Director

Rory Francis, Director

Senior Management
as of March 31, 2003

Cleve Myers, CA, Chief Executive Officer

Merie Surkan, Asst. to CEO/Communications

Karen Stanley, CA , Controller

Heather Chowen, Disposal

Claudette Gallant, Customer Service

Hillard MacKinnon, Special Projects/Contracts

CUSTOMER SERVICE

Claudette Gallant, Manager

Participation

Introduction of the composting stream Island-wide involved cart roll-out to all regions. Cart deliveries began in July in the Capital region; in November 2002 the entire province was on the three-stream Waste Watch program. Over 50,000 homes and apartment buildings in the province were provided with compost and waste carts.

Carts being rolled out for Island wide participation May 2002

Personnel

Ten new staff members were hired to provide service for our expanded clientele. Nine Customer Service Representatives were available to take calls. Increased office space was required to accommodate the increase in staff and work load. A tax bill department was introduced with three designated employees to perform the administration and production of the 2004 tax bill report.

Five training sessions were offered to Customer Service Representatives due to changes with the existing phone systems and expected increase in demand for customer service issues as a result of the Island-wide implementation of the Waste Watch program.

Work Summary

Inbound Calls (Yearly)

2003	2002
64,592	13,124

Work Orders Processed

	2003	2002
Cart Deliveries (additional to cart roll-out)	3,606	586
Collections	223	181
Statutory Declarations	233	34
Loaner Carts	77	17
Damaged Carts	100	116
Cart Exchange	453	17
Carts Returned	203	31
Sharing Carts	0	2
Compost Exempt	12	10
WW Fee Credits	$32,465.00	$19,945.63

Program Progress

The "ACD Phone System", which is referred to as VPN/Perimeter was implemented. It eliminates busy signals for the customer and allows us to monitor the queue (533 call capacity). Reports allow us to monitor the number of calls received, actual time a customer has been waiting and the duration of the call; this information is used to monitor Customer Service Representative productivity and to define staffing requirements. The new system was designed to give customers prompt and efficient phone response with the ability to provide automatic information to customers calling for information.

DISPOSAL

Heather Chowen, Manager

The Waste Watch Program was expanded Province-wide.

July	Capital Region
September	West Prince Region
October	Eastern Region
November	Central Region

As the program expanded into a region, the Community Dump and Container Sites closed and the Waste Watch Drop-Off Centers opened.

The recyclables were collected and processed by the Private Sector under contract with IWMC. The waste was collected and processed at PEI Energy Systems or East Prince Waste Management Facility and the compost was collected and processed at the Central Compost Facility.

East Prince Waste Management Facility (EPWMF)

Landfill

With the inception of the Waste Watch Program Island-wide, between the months of July and November, 2002, the role of the EPWMF was expanded to act as both a final disposal facility (only sanitary landfill within the Province which serves contracted haulers) as well as a Waste Watch Drop-Off Center (serves the general public and small businesses). Waste materials destined for the EPWMF landfill are generated mainly from Prince County Regions. Waste materials generated from the remaining regions of the Province are transferred to PEI Energy Systems where they are used to generate heat for buildings in the Capital Region.

EPWMF-Total Tonnages 2002-2003

Type	Tonnage	Percent
Waste	22,680.85	52.1
Bottom Ash	8,126.43	18.7
Compost	5,527.81	12.7
Contaminated Soil - Res.	4,034.50	9.0
Contaminated Soil - Comm.	936.42	2.0
Hazardous Waste (Est.)	29.29	0.1
Metals	N/A	n/a
White Goods	382.24	1.0
Tires	1,630.35	4.0
Contaminated Material	166.53	0.4
Total	**43,514.42**	**100.0**

Groundwater and Surface Water Monitoring

Jacques Whitford Environmental Ltd. collected samples from 23 groundwater monitoring wells in the spring and fall. The samples were analyzed at a laboratory for the parameters outlined in the Department of Fisheries, Aquaculture & Environment Waste Resource Management Regulations.

Composting

EPWMF continued to process a limited quantity of special organic materiels in it's aerobic, open windrow composting operation. Regular sampling and laboratory analysis of the compost product occurred.

Used Tire Management Program

IWMC continued to manage the collection and storage of used tires within the province . Tires are collected from sites across PEI by a contractor selected by IWMC, and then delivered to the used tire storage site at EPWMF. These tires are processed into tire bales, using a hydraulic baler, to reduce storage space requirements and to reduce the fire hazards usually associated with tire storage sites. There were a total of 1630.35 Metric Tonnes collected and these were baled into approx 1600 tire bales.

Queens County Regional Landfill (QCRL)

The 2002 year marked the final year of operation for the QCRL. In July, the Capital Region was converted to the Waste Watch Program, and the remainder of the Province followed within the next few months. The site continued to receive limited numbers of loads, mainly from Rural Container Sites and PEI Energy Systems diversions, until these ceased or were re-routed to EPWMF. On November 30, 2002, the QCRL Site ceased operation.

Preparations for a post closure strategy were commenced in 2002-2003, with a view to completing a preliminary closure plan and de-commissioning of the site in the year 2003.

The annual groundwater monitoring program continued in 2002, with Jacques Whitford Environment Ltd conducting the sampling and analyses in July 2002. A total of 17 monitoring wells were sampled.

IWMC also conducted routine sampling of private well water systems at the properties of 29 nearby residents in the Miltonvale Park area. Results from these samples are forwarded to the property owner as they become available, along with advice on correcting any problems which may be identified.

DISPOSAL (Cont.)

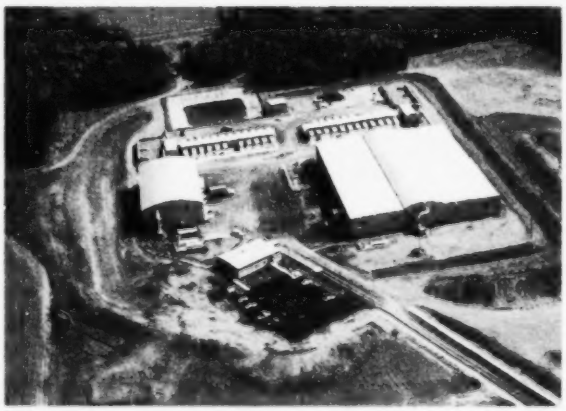
Heather Chowen, Manager

QCRL - Materials Received April 1, 2002 - March 31, 2003		
Type	**Tonnage**	**%**
Waste	12,392.50	74.5
Bottom Ash (Est.)	2,873.57	17.3
Contaminated Soil - Residential	622.38	4.0
Contaminated Soil - Commercial	725.70	4.2
Total	**16,614.15**	**100.0**

Central Compost Facility (CCF)

The Central Compost Facility opened in July 2002. The facility is operated by the design / builder ADI International (ADII) under a five year agreement with IWMC.

Operating for 9 months of the fiscal year, the facility received 14,9721.52 tonnes of material. The commissioning of the facility required ADII to complete several modifications (at ADII's expense). Since the changes, the facility's compost process has performed at satisfactory levels.



Aerial photo of the Central Compost Facility June 2002

PEI Energy Systems (PEIES)

A total of 29,000 tonnes of waste was processed at the PEI Energy facility. The heat generated is used to heat the Queen Elizabeth Hospital along with other government and privately owned buildings in the Capital Region. IWMC has a contract with PEI Energy Systems for the disposal of waste it receives.

649.82 tonnes of Fly Ash were collected, transported and properly disposed of at an approved off-Island facility. Matrix Environmental provided the collection, transportation and disposal of the fly ash under contract by IWMC

Roll-Off Trucks

The creation of the new Waste Watch Drop-Off Centers necessitated the purchase of roll-off vehicles to service the new sites. It was felt that IWMC and the public would be best served by having vehicle(s) and staff dedicated to providing service for our centers. The first roll-off truck was purchased and went into service in September 2002 with the opening of the first site in Brockton, and the workload expanded through the winter, with a second vehicle ordered to begin service in April, 2003.

IWMC Roll-off Truck

Total Tonnages Received at each Disposal Site April 1, 2002 - March 31, 2003		
Site	**Tonnage**	**Percent**
EPWMF	43,514.42	41.8
PEIES	29,000.00	27.9
CCF	14,972.52	14.4
QCRL	16,614.15	15.9
Total	**104,101.00**	**100.0**

DISPOSAL (Cont.)

Heather Chowen, Manager

Waste Watch Drop-Off Centers (WWDC's)

2002 marked the beginning of a new phase in waste management across P.E.I., as the Waste Watch Program was expanded Island-wide and refuse collection was instituted at all homes in the province. This new service level also brought a new level of disposal site service to communities, as old open dumping disposal sites were closed, and Waste Watch Drop-Off Centers were opened in strategic locations to serve residents and small business.

These sites were established at the following locations:

Brockton, Wellington Center, New London, Charlottetown, Murray River and Dingwells Mills.

Three of the sites, New London, Murray River, & Dingwells Mills were established on existing landfill or container sites. Wellington Center is a part of the East Prince Waste Management Facility, and Brockton was opened on the Dock Road using a portion of a property previously managed by the Department of Forestry. The Charlottetown location was constructed by GreenIsle Environmental and operated under contract by them for IWMC.

The operating system at these sites consists of a series of disposal stations using 40 yd^3 roll-off containers to collect the materials sorted in the Waste Watch Program, and bulk storage for items such as White Goods, Scrap Metals, C&D material, Asphalt shingles, and Home heat tanks. As containers are filled, they are hauled to respective final disposal locations.

Customers are required to deliver their sorted materials to the appropriate station, and disposal fees are charged for most items, with the exception of white goods that are free of charge. All sites are manned by a scale operator and a site inspector.

Materials Received at WWDC's
April 1, 2002 - March 31, 2003

WWDC	Tonnage
Brockton	147.04
Dingwells Mills	157.66
GreenIsle	5214.61
Murray River	113.47
New London	126.22

Community Disposal Sites

The following 13 community disposal sites and 9 rural refuse container sites closed in 2002:

Tignish
Alberton
O'Leary
Haliburton
Belfast
Belle River
South Rustico
New London*
Mount Stewart
Morell
Naufrage
Souris
Munns Road
Hartsville
Breadalbane
St. Anns
Millview
Websters Corner
Peakes
St. Peters
Murray River *
Dingwells Mills *

*New London, Murray River and Dingwells Mills were converted into Waste Watch Drop Off Centers

The sites were closed down as the new Waste Watch system ramped up in the different areas throughout the year, with the final dump closure happening in November 2002. The sites were covered and locked as they closed for waste receiving, and a more complete closure plan for each will be developed in the coming years.

Diversion Rates PEI
2002 (Calendar Year)

Type	Tonnage	Percentage
Compost	14,233.59	12.2
Waste	55,657.00	47.9
Recyclables	7,892.16	6.7
Metals & White Goods	16,417.04	14.2
Tires	1,734.80	1.5
HHW	89.00	.17
Other Provincial Programs	20,240.94	17.4
Total	**116,264.53**	**100.0**

* A total of 60,607.53 tonnes or 52.13% of total waste was diverted from landfill.

PUBLIC RELATIONS

Merie Surkan, Manager

The significant achievement for IWMC over the last year was the expansion of the Waste Watch program to the remaining Island regions. By the Fall of 2002, all businesses and homes in the province were using the three stream source-separation program, making PEI a national leader in helping to protect our province.

Challenges

Over the course of a five-month period, four challenges facing the Corporation were met:

- ✓ the physical roll-out of carts to more than 42,000 households
- ✓ the adaptation of the program to meet the needs of approximately 5,500 apartment units
- ✓ the residential and business sector educational process
- ✓ increasing the acceptance level of Waste Watch across the Island

Highlights of Expansion

The expansion program began in March 2002. This program was jointly lead by a Roll-Out Team Leader, and an Expansion Coordinator. Vehicles and trailers were purchased, carts and mini-bins contracted, storage secured, maps created, a safety plan produced and safety orientation provided, "how-to" literature developed, a media campaign strategized, and a team of approximately 20 individuals recruited to "*make it happen*" within this short time frame. Waste Watch was launched as follows:

PEI Region	*# of Households*	*Roll-out Campaign*	*Effective Date*
Capital*	18,808	May 25-June 30/02	**July 1, 2002**
West Prince	5,053	August 8-30/02	**Sept. 1, 2002**
Eastern PEI	8,516	Sept. 1-30/02	**Oct. 1, 2002**
Central	10,595	Oct. 1-30/02	**Nov. 1, 2002**

**The capital region included year-round and cottage properties. The remaining regions were comprised of households only, with roll-out for remaining cottages targeted for 2003.*

Public Relations activities included:

- ♦ Television commercials aired on CBC prior to the launch
- ♦ Radio and newspaper announcements preceded and continued through each implementation phase
- ♦ IWMC participated in booth and speaking opportunities at Chamber of Commerce events
- ♦ A Waste Watch Times tabloid was inserted in major Island newspapers
- ♦ Open houses (7) were held to provide information to the residential and household sectors and to provide an opportunity to ask questions. These were organized as follows:
  - 2 held in Charlottetown (June)
  - 1 held at Mill River (August)
  - 1 held in Souris (September)
  - 1 held in Montague (September)
  - 1 held in New Glasgow (October)
  - 1 held in Cornwall (October)
- ♦ Many articles were submitted to association newsletters and various Island magazines
- ♦ Numerous speaking opportunities were accepted from provincial associations and community groups
- ♦ IWMC was involved in the following community events:
  - Summerside Showcase
  - Communities in Bloom
  - Gold Cup Parade
  - Souris Regatta
  - Expo 2003

Extensive effort was given to the education process, recognizing that challenges existed for new participants in the adoption of a new method of household waste management. In addition to the above public relations initiatives, the following is a list of the literature developed to assist with the transition of sorting "garbage" into three streams:

- ♦ Residential Participant Guide
- ♦ IC&I General Guidelines
- ♦ General Sorting Guide
- ♦ Create-a Sorting Guide (web-based interactive tool)
- ♦ Large Print Sorting Guides for visually-impaired participants
- ♦ Picture Sorting Guides
- ♦ Custom Sorting Guides for each commercial sector
- ♦ School Participation Guide
- ♦ IC&I Handbills for Special Disposal Guidelines
- ♦ Residential Collection Schedules & Maps
- ♦ Labels to assist homes and businesses in establishing sorting stations
- ♦ Mini-Bin decals
- ♦ Canvas Bags to promote waste reduction
- ♦ Informative Door Hangars to advise participants of specific changes to their collection days

Conclusion

Although the program meant extra work for participants, feedback received from participants was overall extremely positive. This high acceptance level is an indication of Islander's desire to do their part in protecting our Island environment.

SPECIAL PROJECTS

Hillard MacKinnon, Manager

Contracted Services

A large portion of services provided by IWMC are contracted out to the private sector. It includes:

Collection Services

All curbside collection of waste, compost & recyclables from the 54,400 households and 7750 cottages in PEI is performed by five private sector haulers under 5 year contracts. This service was phased in during the reporting period. The amount paid the contractors during this period was $2,428,226.

Disposal Services

Two of IWMC's three primary disposal sites operate through private sector contracts. The Energy from Waste Plant, PEI Energy Systems (PEIES), located in Charlottetown is privately owned. It provides disposal services to IWMC under a 30 year contract entered into in 1995. The plant owner is paid on a per tonnage basis. The amount paid the company during the reporting period was $1,671,239.

The Central Compost Facility in Brookfield, although owned by IWMC, operates under a 5 year operating contract with the facility's builder, ADI International Inc. The operating fee, a combination of a fixed monthly amount plus per tonnage amount, totaled $654,880 for the reporting period (6 months).

The remaining disposal facility, a landfill operation, located in Wellington, PEI, is owned and operated by IWMC.

A number of support services related to the operation of the disposal facilities, such as removal and treatment of Leachate and fly ash, are also contracted out. The amounts paid during the reporting period were $319,997 and $290,624, respectively. One of the six WWDC's, the Charlottetown location, is privately owned and operated. This Center operates under the same fee structure as IWMC's other Drop Off Centers.

FINANCE AND ADMINISTRATION

Karen Stanley, CA, Manager

The Finance and Administration department provides corporate services to the other divisions of the Corporation. These services include administrative, information technology, human resource, purchasing and budgeting support, amongst other activities. Fiscal 2003 was a period of rapid expansion for IWMC. Numerous large capital projects were undertaken, as well as exponential growth of operations. Highlights of the year from a finance perspective were the introduction of a new software program, used at the scales, to gather weight and revenue information, the placement of a $30 million global debenture to pay for capital costs and a significant increase to the number of staff, both temporary and permanent.

Financial Information

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with generally accepted accounting principles.

IWMC maintains an accounting system and related controls to provide the corporation with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

Information Technology

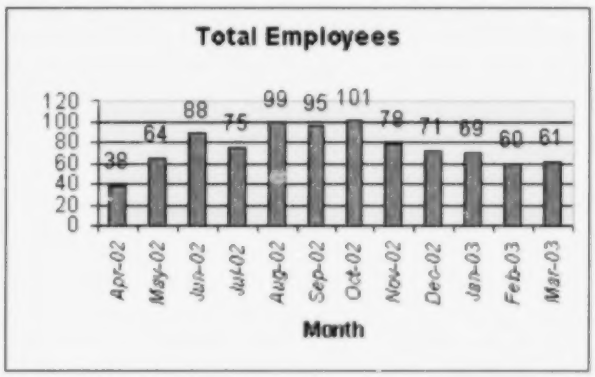
In response to the growth of the operations IWMC hired a full-time information technology technician. The mandate of this unit is to support, enhance and integrate the infrastructure to meet the ongoing needs of the Corporation.

Freedom of Information and Protection of Privacy

The *Freedom of Information and Protection of Privacy Act* (FOIPP) was introduced in November 2002. Between November and March 2003, IWMC received two FOIPP requests.

Human Resources

The major areas of responsibilities include staffing, job descriptions, payroll and benefit administration, employee relations and human resource policies. Recruitment was a primary focus of the unit during the year, twenty-four new permanent, full and part-time employees were hired. As well, numerous temporary employees were hired for various expansion related tasks.



Island Waste Management Corporation

Financial Statements

March 31, 2003

Grant Thornton

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Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of
Island Waste Management Corporation

We have audited the statement of financial position of Island Waste Management Corporation as at March 31, 2003 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2003 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
August 25, 2003

Grant Thornton LLP
Chartered Accountants

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Island Waste Management Corporation
Statements of Operations and Deficit

Year Ended March 31	2003	2002
Revenues		
Household user fees	$ 6,369,219	$ 2,269,229
Tippage fees	5,252,007	3,886,221
Tire baling	169,592	177,590
Operating grants and assistance	569,677	901,325
Other	68,158	9,952
	12,428,653	7,244,317
Expenditures		
Administration (Page 10)	1,352,070	987,683
Operational costs		
Collection (Page 11)	4,303,495	1,802,101
Disposal (Pages 12 – 14)	4,998,483	4,004,305
Tire baling (Page 15)	107,473	138,331
Decommissioning	69,677	-
	10,831,198	6,932,420
Excess revenues over expenditures before interest on long term debt and depreciation and amortization	1,597,455	311,897
Interest on long term debt	813,905	45,104
Excess revenues over expenditures before depreciation and amortization	783,550	266,793
Depreciation and amortization	962,550	219,718
Excess (expenditures over revenues) revenues over expenditures	$ (179,000)	$ 47,075
Deficit, beginning of year	$ (430,506)	$ (477,581)
Excess (expenditures over revenues) revenues over expenditures	(179,000)	47,075
Deficit, end of year	$ (609,506)	$ (430,506)

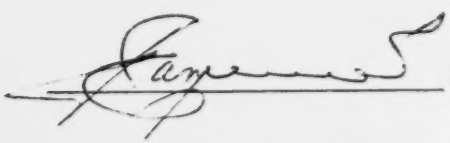
See accompanying notes to the financial statements.

Island Waste Management Corporation
Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents (Note 3)	$ 3,584,832	$ 294,318
Receivables (Note 4)	834,653	2,042,680
Prepaid expenses	6,094	18,000
Inventory	890	25,573
	4,426,469	2,380,571
Receivables	7,722	8,581
Performance deposits	110,000	64,000
Intangible assets (Note 5)	997,508	254,446
Capital assets (Note 6)	27,945,633	11,919,402
	$ 33,487,332	$ 14,627,000
Liabilities		
Current		
Payables and accruals		
Trade	$ 780,774	$ 594,890
Capital asset purchases	918,766	1,872,721
Deferred revenue	9,899	571,993
Current portion of long term debt	675,169	46,447
Capital lease principal payable within one year	8,510	37,427
	2,393,118	3,123,478
Contractor deposits	110,000	64,000
Long term debt (Note 8)	31,593,720	11,861,517
Capital lease obligation	-	8,511
	34,096,838	15,057,506
Deficit	(609,506)	(430,506)
	$ 33,487,332	$ 14,627,000

Commitments (Note 9)

On behalf of the Board



Director _____ Director

See accompanying notes to the financial statements.

Island Waste Management Corporation
Statement of Cash Flows

Year Ended March 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from customers	**$ 12,105,457**	$ 6,165,138
Cash payments to suppliers	**(8,945,117)**	(5,523,120)
Cash payments to employees	**(1,661,586)**	(1,113,171)
Interest paid	**(815,566)**	(59,992)
	683,188	(531,145)
Financing		
Proceeds from new long term debt	**31,902,300**	10,235,713
Repayment of long term debt	**(11,541,377)**	(77,697)
Repayment of capital lease obligations	**(37,426)**	(55,896)
Contractor deposits received	**46,000**	19,000
Operating grants	**969,985**	501,017
	21,339,482	10,622,137
Investing		
Interest and financing fees capitalized	**(478,260)**	(120,407)
Proceeds from sale of capital assets	**-**	36,000
Increase in performance deposits	**(46,000)**	(19,000)
Purchase of intangible assets	**(811,930)**	(282,718)
Purchase of capital assets	**(17,395,966)**	(8,834,563)
	(18,732,156)	(9,220,688)
Net increase in cash and cash equivalents	**3,290,514**	870,304
Cash and cash equivalents (bank indebtedness)		
Beginning of year	**294,318**	(575,986)
End of year	**$ 3,584,832**	$ 294,318

See accompanying notes to the financial statements.

Island Waste Management Corporation
Notes to the Financial Statements
March 31, 2003

1. Nature of operations

The corporation is a Prince Edward Island crown corporation established under the provisions of the *Environmental Protection Act* and therefore is exempt from income taxes under Section 149(1)(d) of the Canadian *Income Tax Act*. The corporation's objective is to implement and manage a province-wide waste management system. This includes the collection and disposal of solid waste generated in Prince Edward Island.

2. Summary of significant accounting policies

Inventory
Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in first out basis.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks, net of bank overdrafts, and short term investments with original maturities of 90 days or less.

Depreciation
Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	20 yrs, straight line
Landfill cell	10 yrs, straight line
Waste and compost carts	10 and 15 yrs, straight line
Compost facility	25 yrs, straight line
Machinery and motor vehicles	20% and 30%, declining balance
Office equipment	20%, declining balance
Computer equipment	30%, declining balance
Computer software	30% and 50%, declining balance
Leasehold improvements	2 and 3 yrs, straight line
Signage	20%, declining balance
Waste Watch drop-off centers	15%, straight line

Amortization
Rates and bases of amortization applied to write-off the cost of intangible assets over their estimated lives are as follows:

Update at PEI Energy Systems	10 yrs, straight line
Waste Watch implementation costs	10 yrs, straight line

3. Cash and cash equivalents

Cash and cash equivalents includes $2,800,000 on deposit with the Province of Prince Edward Island and $439,617 (2002: $607,672) on deposit with the bank that is designated for capital purposes.

4. Receivables

	2003	2002
Trade	$ 591,362	$ 502,436
Current portion of long term receivable	-	36,585
Province of Prince Edward Island		
Household user fees	87,665	644,356
Operating grants	-	400,308
Other	4,697	7,206
Goods and services tax	150,929	451,789
	$ 834,653	$2,042,680

5. Intangible assets

	Cost	Accumulated Amortization	Net Book Value 2003	Net Book Value 2002
Update at PEI Energy Systems	$ 282,718	$ 56,544	$ 226,174	$ 254,446
Waste Watch implementation costs	811,930	40,596	771,334	-
	$ 1,094,648	$ 97,140	$ 997,508	$ 254,446

6. Capital assets

	Cost	Accumulated Depreciation	Net Book Value 2003	Net Book Value 2002
Land	$ 390,300	$ -	$ 390,300	$ 379,000
Buildings	45,102	2,261	42,841	10,481
Landfill cell	1,811,155	264,445	1,546,710	1,651,931
Waste and compost carts	4,597,648	104,683	4,492,965	25,130
Compost facility	19,906,823	398,136	19,508,687	9,458,749
Machinery and motor vehicles	705,607	214,776	490,831	261,606
Office equipment	66,006	25,148	40,858	26,643
Computer equipment	145,791	73,056	72,735	58,908
Computer software	146,442	52,297	94,145	38,924
Leasehold improvements	80,545	13,410	67,135	4,761
Signage	4,360	1,744	2,616	3,269
Waste Watch drop-off centers	1,237,045	41,235	1,195,810	-
	$ 29,136,824	$ 1,191,191	$ 27,945,633	$ 11,919,402

7. Bank indebtedness

The corporation has an operating line of credit with a credit union of $450,000 all of which is unused at year end.

The corporation also has an operating line of credit with a bank of $500,000 all of which is also unused at year end. As security, the Province of Prince Edward Island has provided a guarantee.

8. Long term debt

	2003	2002
Term loan bearing interest at the bank's prime rate, maturing December 2003, payable in monthly instalments of principal and interest of $4,000. As security, the corporation has assigned funds for baling tires from the Department of Transportation and Public Works, certain equipment, and an assignment of book debts.	$ 16,318	$ 62,559
Loan from Province of Prince Edward Island, non-interest bearing, no set terms of repayment.	859,562	859,562
5.61% debenture amortized to and maturing September 2012, payable in quarterly instalments of principle and interest of $58,193. The debenture is issued by the Province of Prince Edward Island.	1,705,158	1,485,843
2.59% advance on promissory note to Provincial Treasury, Province of Prince Edward Island repaid during the year.	-	9,500,000
6.4% debentures amortized to and maturing December 2027, payable in quarterly instalments of principle and interest of $599,548. The debentures are guaranteed by the Province of Prince Edward Island.	29,687,851	-
	32,268,889	11,907,964
Less: current portion	675,169	46,447
	$ 31,593,720	$ 11,861,517

Annual principal repayments in each of the next five years are due as follows: 2004 - $675,169; 2005 - $691,813; 2006 - $735,939; 2007 - $782,888; 2008 - $832,839.

9. Commitments

The corporation conducts a portion of its operations, the compost facility, pursuant to an operating agreement dated November, 2001, effective October 1, 2002. The agreement provides for the payment by the corporation to the operator of the facility a minimum annual fee plus an excess tonnage fee. The minimum annual fee commitments, excluding the excess tonnage fees, under the operating agreement are as follows:

2004	$ 1,155,000
2005	$ 1,362,500
2006	$ 1,387,500
2007	$ 1,412,500
2008	$ 712,500

The corporation has entered into agreements to lease office and storage space. Minimum rent payable for the next three years on these leases are as follows:

2004	$ 75,425
2005	75,425
2006	75,425

The corporation has one year remaining on an agreement to lease a compost screener. Minimum lease payments are as follows:

2004	$ 48,103

10. Credit risk

The corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the corporation provides services may experience financial difficulty and be unable to fulfil their obligations.

Before engaging in providing services to clients, the company performs a credit risk evaluation and regularly monitors its accounts. Household user fees are collected by the Province of Prince Edward Island through its provincial tax system.

11. Other matters

Costs associated with the closure and decommissioning of provincial dump sites are the responsibility of the Province of Prince Edward Island.

12. Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Island Waste Management Corporation
Schedule of Expenditures – Administration

Year Ended March 31

	Charlottetown	Slemon Park	**2003 Total**	2002 Total
Communication, promotion and education	$ 39,590	$ 2,567	**$ 42,157**	$ 38,857
Dues and memberships	2,186	416	**2,602**	2,102
Insurance	10,990	-	**10,990**	15,675
Interest and bank charges	1,661	-	**1,661**	3,319
Miscellaneous	6,944	310	**7,254**	4,286
Office equipment	2,644	3,317	**5,961**	3,961
Office supplies	16,789	15,107	**31,896**	23,972
Professional fees	75,927	9,665	**85,592**	54,281
Rent	33,764	29,160	**62,924**	45,010
Repairs and maintenance	12,028	4,691	**16,719**	8,884
Salaries and management	639,878	288,967	**928,845**	702,005
Telecommunications	26,405	64,750	**91,155**	31,135
Travel and vehicle	42,401	12,960	**55,361**	47,585
Utilities	8,953	-	**8,953**	6,611
	$ 920,160	$ 431,910	**$1,352,070**	$ 987,683

Island Waste Management Corporation
Schedule of Expenditures – Collection

Year Ended March 31	2003	2002
Advertising and promotion	$ 55,222	$ 49,733
Cart purchases	26,211	45,381
Cart storage	-	5,911
Leases - carts	40,672	73,181
Recyclable collection contracts	832,544	708,917
Salaries, wages, and benefits	62,154	-
Tippage on residential waste and compost	1,467,255	378,397
Vehicle and supplies	24,659	-
Waste and compost collection contracts	1,794,778	540,581
	$4,303,495	$1,802,101

Island Waste Management Corporation
Schedule of Expenditures – Disposal

Year Ended March 31	2003	2002
East Prince Waste Management Facility		
Dues and fees	$ 227	$ 724
Equipment rental	35,557	57,383
Equipment leases	60,174	64,358
Gas and oil	28,136	28,740
Hazardous waste	27,933	10,502
Leachate disposal	319,997	166,158
Office and miscellaneous	24,176	19,338
Repairs and maintenance	122,957	118,340
Salaries, wages, and benefits	205,868	209,511
Security	7,562	7,613
Supplies and materials	36,504	52,106
Telephone	2,520	3,194
Travel and conference	2,940	6,935
Utilities	10,565	8,782
	$ 885,116	$ 753,684
Disposal Fee Program		
Bank charges	$ 1,562	$ 660
Repairs and maintenance	4,721	15,946
Salaries, wages, and benefits	141,835	137,513
Supplies and office	5,451	8,450
Telephone	6,365	3,006
Travel	6,198	3,068
	$ 166,132	$ 168,643
Queens County Regional Landfill		
Community fees	$ 80,000	$ 80,000
Contract services	51,403	85,911
Equipment rental	3,240	-
Hazardous waste	22,609	26,898
Other	18,211	8,278
Repairs and maintenance	26,716	50,502
Salaries, wages, and benefits	11,813	-
Security	124	-
Signage	288	280
Supplies	504	220
Utilities	961	531
	$ 215,869	$ 252,620

Island Waste Management Corporation
Schedule of Expenditures – Disposal

Year Ended March 31	2003	2002
Energy from Waste		
Fly ash disposal	$ 290,624	$ 43,747
PEI Energy Systems contract	1,729,732	1,674,533
Repairs and maintenance – scale	1,162	-
Scale house supplies	3,677	1,368
Salaries, wages, and benefits	101,411	60,717
	$2,126,606	$1,780,365
Central Composting Facility		
Contract	$ 654,880	$ -
Hauling of contaminants	29,486	-
Property tax	8,465	-
Salaries, wages, and benefits	64,969	-
Supplies	12,547	-
	$ 770,347	$ -
Waste Watch Drop-Off Centers		
Blue bag disposal	$ 2,800	$ -
Green Isle Environmental contract	46,354	-
Household hazardous waste	37,536	-
Material and supplies	14,352	-
Miscellaneous	432	-
Repairs and maintenance	41,475	-
Salaries, wages, and benefits	75,650	-
Security	1,124	-
Signage	6,062	-
Telephone	2,202	-
Travel	2,008	-
Utilities	4,282	-
	$ 234,277	$ -
Transportation of Material		
Motor vehicle	$ 21,896	$ -
Supplies	3,373	-
Salaries, wages and benefits	19,639	-
	$ 44,908	$ -

Island Waste Management Corporation
Schedule of Expenditures – Disposal

Year Ended March 31	2003	2002
Other Sites		
Advertising	$ 1,540	$ 2,900
Container sites	127,220	198,295
Other	10,287	2,201
Rent	2,000	2,085
Repairs and maintenance	307,799	524,866
Supplies	2,336	3,119
Utilities	4,014	7,479
	$ 455,196	$ 740,945
Other Disposal Costs		
EFW testing	$ -	$ 3,887
Salaries, wages and benefits	19,751	-
Scrap metal disposal	76,069	275,655
Supplies	985	-
Travel	2,922	-
Water testing	305	28,506
	$ 100,032	$ 308,048
Total	$4,998,483	$4,004,305

Island Waste Management Corporation
Schedule of Expenditures – Tire Baling

Year Ended March 31

	2003	2002
Equipment rental	$ 54,545	$ 36,590
Fuel	-	2,273
Salaries, wages and benefits	29,651	64,142
Repairs and maintenance	5,627	5,343
Tires and wire	17,309	26,231
Trailer rental	341	3,752
	$ 107,473	$ 138,331